

Message Text

CONFIDENTIAL

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16

ACTION INR-10

INFO OCT-01 EUR-25 ISO-00 NEA-10 FPC-01 AF-10 CIAE-00

DODE-00 PM-07 H-03 L-03 NSAE-00 NSC-10 PA-04 RSC-01

PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14 EB-11

COME-00 INT-08 SCEM-02 SCI-06 OMB-01 TRSE-00 SAJ-01

AEC-11 DRC-01 (ISO) W

----- 111090

R 281406Z NOV 73

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 518

INFO AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

MEMBASSY PRAGUE 1341

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L BUDAPEST 3797

E.O. 11652: GDS

TAGS: ETRD, ENRG, HU

SUBJECT: HUNGARY'S CURRENT OIL AND GAS OUTLOOK

REF: STATE 229536

1. MINISTER FOR HEAVY INDUSTRY SZEKER TOLD AMBASSADOR IN RESPONSE TO QUESTION DURING COURTESY CALL TUESDAY THAT MEASURES TO REDUCE OIL CONSUMPTION UNDER ACTIVE CONSIDERATION AND THAT STEP MOST LIKELY TO BE TAKEN WOULD BE TO RAISE PRICE OF GASOLINE AND HEATING OIL. SZEKER POINTED OUT THAT RETAIL PRICES IN HUNGARY BELOW WORLD MARKET PRICES AT PRESENT. HE SAID THAT A PRICE RAISE WAS NOT IMMINENT BUT WOULD PROBABLY BE TAKEN WITHIN TWO OR THREE MONTHS. SZEKER DID NOT BELIEVE THAT EITHER RATIONING OR RESTRICTIONS ON DRIVING WOULD BE NECESSARY.

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2. THE MINISTER TOLD AMBASSADOR THAT HUNGARY'S LONG

RANGE PLANS TO INCREASE USE OF OIL AND NATURAL GAS AND REDUCE ROLE OF COAL AS ENERGY SOURCE WOULD PROCEED ACCORDING TO SCHEDULE AND NOT BE AFFECTED BY CURRENT SITUATION. OIL AND NATURAL GAS PRESENTLY SUPPLY 55 PERCENT OF THE COUNTRY'S ENERGY NEEDS; THIS WILL BE INCREASED TO 60 PERCENT BY 1976. WHILE HUNGARY NOW IMPORTING ALMOST 80 PERCENT OF ITS OIL (80 PERCENT OF IMPORTS FROM USSR AND 20 PERCENT FROM MIDDLE EAST), THERE HAD RECENTLY BEEN NEW DISCOVERIES OF NATURAL GAS AND PROSPECTS FOR DOMESTIC PRODUCTION OF THIS ENERGY SOURCE GOOD. SZEKER SAID THAT HUNGARY WAS PRESENTLY PRODUCING 50 PERCENT OF ITS HYDRO-CARBON (OIL AND NATURAL GAS) NEEDS. HE ALSO MENTIONED HUNGARIAN START BEING MADE ON ATOMIC ENERGY WITH CONSTRUCTION OF FIRST PLANT AT PAKS NOW UNDERWAY.

3. WE HAVE DETECTED NO CONCERN ABOUT SHORTFALLS IN DELIVERY OR SOVIET SUPPLIES AND SZEKER GAVE NO INDICATION THAT CONTEMPLATED PRICE RISES DUE TO CHANGE IN SOVIET PRICING. LOCAL MEDIA AND PRESS HAVE NOT DISCUSSED NEED FOR HUNGARY TO CUT BACK ON FUEL CONSUMPTION, AND TELEVISION PROGRAM ON ENERGY SITUATION LAST WEEK GOVERNMENT SPOKESMAN ASSURED CITIZENRY THAT HUNGARY WOULD NOT BE AFFECTED BY CURRENT ENERGY CRISIS. THIS AGAIN UNDERLINED IN EDITORIAL IN NOV 28 NEPSZABADSAG ADVOCATING ESTABLISHMENT OF LOWER SPEED LIMITS. ARTICLE STRESSES THAT SPEEDS SHOULD BE LIMITED FOR INCREASED SAFETY NOT BECAUSE OF SHORTAGE OF OIL AS IN WEST EUROPE.

4. HUNGARIAN PUBLIC STILL APPEARS TO VIEW OIL SHORTAGE AS PRIMARILY PROBLEM FOR WEST TO WORRY ABOUT. ROMANIA'S RECENT RESTRICTIONS ON OIL CONSUMPTION POPULARLY VIEWED AS ATTEMPT TO LIMIT DOMESTIC CONSUMPTION TO PERMIT FOREIGN SALES OF ROMANIAN CRUDE AT PRESENT HIGH WORLD MARKET PRICES. MAN ON STREET DERIVING A CERTAIN AMOUNT PLEASURE FROM FACT THAT FOR ONCE HUNGARY'S CLOSE RELATIONS WITH SOVIETS AND ARAB STATES SUCH AS IRAQ SEEM TO BE YIELDING DIVIDENDS.

5. AS NO MEASURES HAVE BEEN INDICATED PUBLICALLY HERE BY GOVERNMENT AT ALL SZEKER'S COMMENTS SHOULD BE KEPT CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X
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Disposition Date: 28 MAY 2004
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